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July 22, 2008

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We write today to urge your support for H.R. 3221, the Housing and Economic Recovery Act of 2008, which is a necessary step in addressing the nationwide mortgage crisis. Further, we strongly encourage support for the \$4 billion in neighborhood stabilization funds included in the bill as an essential component of the federal response.

The nation is experiencing a housing crisis unlike any since the Great Depression. More than three million homeowners are in distress, and experts predict that more than a million more will fall behind on their mortgage payments in the coming year as home values continue to fall. New projections show that one in 33 homeowners nationwide will be in foreclosure in the next two years as a direct result of subprime loans.

As Governors, we have experienced firsthand the devastating effects of foreclosure on our residents and communities. Blight and crime have increased along with the number of vacant properties. Even homeowners who are current on their mortgages experience the effects of nearby foreclosures; nearly 40 million homes will lose value as a result of foreclosures in their communities. Emergency funds for the acquisition and rehabilitation of foreclosed and abandoned properties will help communities to eliminate blight, control crime, and stabilize property values. These funds would also help create jobs, which is especially important with our struggling national economy.

In our states, the primary beneficiaries of this assistance will be the communities suffering from the weight of area foreclosures, the homeowners who live next to an abandoned house and others who have been put into this difficult situation through no fault of their own.

Your Administration has worked swiftly to address concerns regarding the solvency of Fannie Mae and Freddie Mac. In light of the billions in taxpayer guarantees that have been proposed for these two government sponsored enterprises, we urge you to reconsider your concerns over the comparably modest neighborhood stabilization provision, which will act to shore up struggling communities in our states.

States have already contributed scarce resources and put innovative programs to work to address this problem, but a broader national effort needs to be led at the federal level.

We strongly urge you to sign the Housing and Economic Recovery Act of 2008 with the inclusion of \$4 billion in neighborhood stabilization funds.

Thank you for your attention to this matter.

Sincerely,



Governor Ted Strickland
Ohio



Governor Deval Patrick
Massachusetts



Governor Jennifer M. Granholm
Michigan



Governor M. Jodi Rell
Connecticut



Governor Kathleen Sebelius
Kansas



Governor Martin O'Malley
Maryland



Governor Rod Blagojevich
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Governor Jim Doyle
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Governor Edward G. Rendell
Pennsylvania



Governor Aníbal Acevedo-Vilá
Puerto Rico



Governor Joe Manchin III
West Virginia



Governor David A. Paterson
New York



Governor Ruth Ann Minner
Delaware



Governor Janet Napolitano
Arizona

Cc: The Honorable Henry M. Paulson, Jr., United States Department of the Treasury
The Honorable Steve Preston, United States Department of Housing and Urban
Development
The Honorable Harry Reid, United States Senate
The Honorable Mitch McConnell, United States Senate
The Honorable Nancy Pelosi, United States House of Representatives
The Honorable John A. Boehner, United States House of Representatives
The Honorable Christopher J. Dodd, United States Senate
The Honorable Richard C. Shelby, United States Senate
The Honorable Barney Frank, United States House of Representatives
The Honorable Spencer Bachus, United States House of Representatives